



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
OLDHAM COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2000

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE OLDHAM COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Auditor of Public Accounts has completed the Oldham County Fiscal Court audit for fiscal year ended June 30, 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances increased by \$1,029,326 from the prior fiscal year, resulting in a cash surplus of \$7,880,854 as of June 30, 2000. Revenues increased by \$3,108,964 from the prior year and disbursements increased by \$2,559,123.

Debt Obligations:

Total bonded debt principal as of June 30, 2000, was \$4,880,000. Future collections of \$7,312,773 are needed over the next 17 years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$1,005,000 as of June 30, 2000. Future principal and interest payments of \$1,343,142 are needed to meet these obligations.

Deposits:

The fiscal court's deposits were under insured by \$28,208 as of June 30, 2000.

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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

Kevin Flanery, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable John W. Black, Oldham County Judge/Executive

Members of the Oldham County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Oldham County, Kentucky, as of June 30, 2000, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Oldham County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Oldham County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Oldham County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 2000, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

Kevin Flanery, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable John W. Black, Oldham County Judge/Executive

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In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2001 on our consideration of Oldham County, Kentucky's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the result of our audit.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -
March 22, 2001

OLDHAM COUNTY OFFICIALS

Fiscal Year Ended June 30, 2000

Fiscal Court Members:

John W. Black	County Judge/Executive
Robert H. Deibel	Magistrate
Puala Gish	Magistrate
Mary Ellen Kinser	Magistrate
Robert W. Theiss	Magistrate
Bill Tucker	Magistrate
Duane Murner	Magistrate
Hartley Winters	Magistrate
Rick Rash	Magistrate

Other Elected Officials:

John W. Fendley	County Attorney
Mike Simpson	Jailer
Ann Brown	County Clerk
Linda Mason	Circuit Court Clerk
Steve Sparrow	Sheriff
Jim McWilliams	Property Valuation Administrator
Brett Donner	Coroner

Appointed Personnel:

Elaine Collett	County Treasurer
Amy Alvey	Finance Officer

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STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

OLDHAM COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2000

Assets and Other Resources

Assets

General Fund Type

General Fund:

Cash	\$ 3,310,688	
Road and Bridge Fund:		
Cash	2,269,629	
Jail Fund:		
Cash	6,000	
Local Government Economic Assistance Fund:		
Cash	140,027	
Central Dispatch Fund:		
Cash	34,017	
Local Emergency Planning Committee Fund:		
Cash	6,503	
Planning and Zoning Fund:		
Cash	89,756	
Payroll Revolving Account - Cash	7,484	
Retirement Account - Cash	<u>57,677</u>	\$ 5,921,781

Capital Projects Fund Type

Buckner Sewer System Fund:

Cash	1,988,729
------	-----------

Debt Service Fund Type

Public Facilities Construction Corporation Fund:

Investments	35,506
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Other Resources

General Fund Type

General Fund:

Amounts to be Provided in Future Years for KACO	
Leasing Trust - Principal	1,005,000

The accompanying notes are an integral part of the financial statements.

OLDHAM COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2000
 (Continued)

Assets and Other Resources (Continued)

Assets (Continued)

Debt Service Fund Type

Public Facilities Construction Corporation Fund:

Amounts to be Provided in Future Years for
 Retirement of First Mortgage Bonds

\$ 4,880,000

Total Assets and Other Resources

\$ 13,831,016

Liabilities and Fund Balances

Liabilities

General Fund Types

General Fund:

KACO Leasing Trust Program (Note 4A)

\$ 1,005,000

Payroll Revolving Account - Cash

\$ 7,484

Retirement Account - Cash

57,677

65,161

Debt Service Fund Types

Public Facilities Construction Corporation Fund:

Bonds Not Matured (Note 4B)

4,880,000

Fund Balances

Reserved:

Debt Service Fund Type

Public Facilities Construction Corporation Fund:

35,506

Capital Projects Fund Type

Buckner Sewer System Fund:

1,988,729

The accompanying notes are an integral part of the financial statements.

OLDHAM COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2000
 (Continued)

Liabilities and Fund Balances (Continued)

Fund Balances (Continued)

Reserved:(Continued)

General Fund Types

Central Dispatch Fund:	\$	34,017	
Local Emergency Planning Committee Fund:		6,503	
Planning and Zoning Fund:		<u>89,756</u>	\$ 130,276

Unreserved:

General Fund Type

General Fund	\$	3,310,688	
Road and Bridge Fund		2,269,629	
Jail Fund		6,000	
Local Government Economic Assistance Fund		<u>140,027</u>	<u>5,726,344</u>
Total Liabilities and Fund Balances			<u>\$ 13,831,016</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

OLDHAM COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2000

		General Fund Type		
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 12,392,083	\$ 5,136,393	\$ 2,169,667	\$ 871,803
Transfers In	851,972	304,657		225,000
Prior Year Voided Checks	42			
Total Cash Receipts	<u>\$ 13,244,097</u>	<u>\$ 5,441,050</u>	<u>\$ 2,169,667</u>	<u>\$ 1,096,803</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 10,774,281	\$ 5,206,313	\$ 2,576,544	\$ 1,093,301
Transfers Out	851,972	547,315		
Bonds:				
Principal Paid	195,000			
Interest Paid	265,400			
KACO Leasing Trust-Principal	57,000	57,000		
Bond Refunds and Bank Charges	71,118			
Total Cash Disbursements	<u>\$ 12,214,771</u>	<u>\$ 5,810,628</u>	<u>\$ 2,576,544</u>	<u>\$ 1,093,301</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 1,029,326	\$ (369,578)	\$ (406,877)	\$ 3,502
Cash Balance - July 1, 1999*	<u>6,851,528</u>	<u>3,680,266</u>	<u>2,676,506</u>	<u>2,498</u>
Cash Balance - June 30, 2000*	<u>\$ 7,880,854</u>	<u>\$ 3,310,688</u>	<u>\$ 2,269,629</u>	<u>\$ 6,000</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

OLDHAM COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2000
 (Continued)

General Fund Type			
Local Government Economic Assistance Fund	Central Dispatch Fund	Planning and Zoning Fund	Local Emergency Planning Committee Fund
\$ 428,421	\$ 380,227 75,000	\$ 412,383	\$ 1,092
		42	
\$ 428,421	\$ 455,227	\$ 412,425	\$ 1,092
\$ 551,996	\$ 456,329	\$ 304,657	\$
		71,118	
\$ 551,996	\$ 456,329	\$ 375,775	\$ 0
\$ (123,575) 263,602	\$ (1,102) 35,119	\$ 36,650 53,105	\$ 1,092 5,411
\$ 140,027	\$ 34,017	\$ 89,755	\$ 6,503

The accompanying notes are an integral part of the financial statements.

OLDHAM COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2000
 (Continued)

	<u>Capital Projects Fund Type</u>		<u>Debt Service Fund Type</u>
	Senior Citizen Building Fund	Buckner Sewer System Fund	Public Facilities Construction Corporation Fund
<u>Cash Receipts</u>			
Schedule of Operating Revenue	\$ 209,121	\$ 2,563,536	\$ 219,440
Transfers In			247,315
Prior Year Voided Checks			
Total Cash Receipts	<u>\$ 209,121</u>	<u>\$ 2,563,536</u>	<u>\$ 466,755</u>
<u>Cash Disbursements</u>			
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 209,121	\$ 680,677	\$
Transfers Out			
Bonds:			
Principal Paid			195,000
Interest Paid			265,400
KACO Leasing Trust-Principal			
Bond Refunds and Bank Charges			
Total Cash Disbursements	<u>\$ 209,121</u>	<u>\$ 680,677</u>	<u>\$ 460,400</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 1,882,859	\$ 6,355
Cash Balance - July 1, 1999*		105,870	29,151
Cash Balance - June 30, 2000*	<u>\$ 0</u>	<u>\$ 1,988,729</u>	<u>\$ 35,506</u>

Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

OLDHAM COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2000

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Oldham County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Oldham County Public Facilities Construction Corporation as part of the reporting entity

Additional – Oldham County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Oldham County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Oldham County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Oldham County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund (LGEA), Central Dispatch Fund, Local Emergency Planning Committee Fund, and the Planning and Zoning Fund.

OLDHAM COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Public Facilities Construction Corporation Fund. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

3) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Buckner Sewer System Fund and the Senior Building Fund of the Fiscal Court are reported as Capital Projects Fund Types.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Oldham County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Public Facilities Construction Corporation Fund because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require this fund to be budgeted.

OLDHAM COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the Oldham County Ambulance Service and the Oldham County Public Library are considered related organizations of Oldham County Fiscal Court.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 17.55 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

OLDHAM COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2000
 (Continued)

Note 3. Deposits and Investments

A. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The county entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of June 30, 2000, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$28,208 of public funds uninsured and unsecured.

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of June 30, 2000.

	<u>Bank Balance</u>
Collateralized with securities held by pledging depository institution in the county's name	\$ 918,554
Uncollateralized and uninsured	<u>28,208</u>
Total	<u><u>\$ 946,762</u></u>

B. Investments

The county's investments are categorized below to give an indication of the level of risk assumed by the county at year-end. Category 1 includes investments that are insured or registered or the securities are held by the county or by the county's agent in the county's name. Category 2 includes uninsured and unregistered investments where the securities are held by the financial institution in the county's name. Category 3 includes uninsured and unregistered investments where the securities were held by the financial institution, but not in the county's name.

<u>Types of Investments</u>	<u>Category</u> 1	<u>Carrying Amount</u>	<u>Market Value</u>
U.S. Treasury Obligations	\$ 35,506	\$ 35,506	\$ 35,506

OLDHAM COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 4. Long-Term Debt

The county has entered into the following agreements:

A. General Fund

On June 8, 1992, the fiscal court entered into an agreement with the Kentucky Association of Counties to borrow \$1,381,000 at 5.49 percent for work on the Oldham County Fiscal Court Building. The county will pay 240 monthly installments of varying amounts in accordance with a schedule to complete the contract. Principal payment requirements and scheduled interest for the remaining term of the contract are as follows:

<u>Fiscal Year Ended</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
June 30, 2001	\$ 53,802	\$ 60,000
June 30, 2002	50,417	64,000
June 30, 2003	46,834	67,000
June 30, 2004	43,065	71,000
June 30, 2005	39,075	75,000
Thereafter	<u>104,949</u>	<u>668,000</u>
Total	<u>\$ 338,142</u>	<u>\$ 1,005,000</u>

B. Public Facilities Construction Corporation Fund

Oldham County Public Facilities Construction Corporation issued first mortgage revenue bonds, series 1994, dated August 1, 1994, to fund renovation of the Oldham County Courthouse. These bonds were issued at 5.5%, 5.70%, and 5.75%, and will be retired by August 1, 2014. Interest payments are due on February 1 and August 1. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

<u>Fiscal Year Ended</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
June 30, 2001	\$ 117,813	\$ 95,000
June 30, 2002	112,255	100,000
June 30, 2003	106,270	110,000
June 30, 2004	99,858	115,000
June 30, 2005	93,160	120,000
Thereafter	<u>466,347</u>	<u>1,570,000</u>
Total	<u>\$ 995,703</u>	<u>\$ 2,110,000</u>

OLDHAM COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 4. Long-Term Debt (Continued)

B. Public Facilities Construction Corporation Fund (Continued)

Oldham County Public Facilities Construction Corporation issued first mortgage revenue bonds, series 1997, dated June 1, 1997, to fund the acquisition, construction, and equipping of a recreation center and related facilities. These bonds were issued at varying interest rates ranging from 3.90% to 5.25%, and will be retired by June 1, 2017. Interest payments are due on June 1 and December 1. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

<u>Fiscal Year Ended</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
June 30, 2001	\$ 137,800	\$ 110,000
June 30, 2002	133,015	115,000
June 30, 2003	127,955	120,000
June 30, 2004	122,615	125,000
June 30, 2005	116,990	130,000
Thereafter	<u>798,695</u>	<u>2,170,000</u>
Total	<u>\$ 1,437,070</u>	<u>\$ 2,770,000</u>
Total bonds outstanding of the Oldham County Public Facilities Construction Corporation:		<u>\$ 4,880,000</u>

Note 5. Oldham County Police Forfeiture Account

The Oldham County Police have a forfeiture account, which also receives donations. This money is used to purchase equipment and other law enforcement items. The forfeiture account had receipts of \$14,431, expenditures of \$18,342 and an ending balance of \$12,475 as of June 30, 2000.

Note 6. Jail Canteen Fund

The canteen operations are authorized pursuant to KRS 441.135(1)(2), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 68.210 requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletins 93-002 and 97-001 provide additional accounting and expenditure guidance for acceptable jail canteen operations.

The Oldham County Jail Canteen Fund had receipts of \$83,939, less disbursements of \$75,490, leaving net increase of \$8,449 as of June 30, 2000. All expenditures were for the benefit and/or recreation of the inmates.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

OLDHAM COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2000

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 2,064,252	\$ 5,136,393	\$ 3,072,141
Road and Bridge Fund	351,896	2,169,667	1,817,771
Jail Fund	1,137,217	871,803	(265,414)
Local Government Economic Assistance Fund	368,181	428,421	60,240
Central Dispatch Fund	430,381	380,227	(50,154)
Local Emergency Planning Committee Fund	(4,111)	1,092	5,203
<u>Capital Projects Fund Type</u>			
Buckner Sewer System Fund	2,694,130	2,563,536	(130,594)
Senior Citizens Building Fund	456,500	209,121	(247,379)
Totals	<u>\$ 7,498,446</u>	<u>\$ 11,760,260</u>	<u>\$ 4,261,814</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 7,498,446
Add: Budgeted Prior Year Surplus			6,769,272
Less: Other Financing Uses			<u>(304,315)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 13,963,403</u>

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SCHEDULE OF OPERATING REVENUE

OLDHAM COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2000

Revenue Categories	<u>GOVERNMENTAL FUND TYPES</u>			
	Totals (Memorandum Only)	General Fund Type	Capital Projects Fund Type	Debt Service Fund Type
Taxes	\$ 4,380,277	\$ 4,380,277	\$	\$
Excess Fees	278,798	278,798		
License and Permits	418,003	418,003		
Intergovernmental Revenues	5,792,262	2,808,353	2,766,909	217,000
Charges for Services	901,240	901,240		
Miscellaneous Revenues	278,840	278,840		
Interest Earned	342,663	334,475	5,748	2,440
Total Operating Revenue	<u>\$ 12,392,083</u>	<u>\$ 9,399,986</u>	<u>\$ 2,772,657</u>	<u>\$ 219,440</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

OLDHAM COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 1,592,152	\$ 1,641,407	\$ (49,255)
Protection to Persons and Property	2,942,308	2,818,609	123,699
General Health and Sanitation	365,352	356,547	8,805
Social Services	24,500	23,936	564
Recreation and Culture	686,065	719,419	(33,354)
Roads	2,483,402	2,382,166	101,236
Debt Service	446,517	56,517	390,000
Capital Projects	595,000	740,780	(145,780)
Administration	1,571,607	1,145,102	426,505
Total Operating Budget - All General Fund Types	\$ 10,706,903	\$ 9,884,483	\$ 822,420
Other Financing Uses:			
Transfers to Public Facilities			
Construction Corporation	247,315	247,315	
KACO Leasing Trust - Principal	57,000	57,000	
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 11,011,218</u>	<u>\$ 10,188,798</u>	<u>\$ 822,420</u>

Expenditure Categories	CAPITAL PROJECTS FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
Capital Projects	<u>\$ 3,256,500</u>	<u>\$ 889,798</u>	<u>\$ 2,366,702</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
Kevin Flanery, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable John W. Black, Oldham County Judge/Executive
Members of the Oldham County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Oldham County, Kentucky, as of and for the year ended June 30, 2000, and have issued our report thereon dated March 22, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Oldham County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oldham County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and the federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 22, 2001

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

Kevin Flanery, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable John W. Black, Oldham County Judge/Executive

Members of the Oldham County Fiscal Court

Report On Compliance With Requirements
Applicable To Each Major Program And Internal Control
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Oldham County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2000. Oldham County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Oldham County's management. Our responsibility is to express an opinion on Oldham County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oldham County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Oldham County's compliance with those requirements.

In our opinion, Oldham County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Report On Compliance With Requirements
Applicable To Each Major Program And Internal
Control Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance

The management of Oldham County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Oldham County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 22, 2001

FINDINGS AND QUESTIONED COSTS

OLDHAM COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 2000

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Oldham County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Oldham County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Oldham County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Oldham County reported in Part C of this schedule.
7. The programs tested as major programs were: CDBG and ISTE A
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Oldham County was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None.

NONCOMPLIANCES

None.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

OLDHAM COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2000

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Passed-Through State Department of Local Government: Community Development Block Grants-(CFDA #14.218)*	B-98-C-21-1(013)	\$ 209,121
<u>U.S. Department of Justice</u>		
Passed-Through State Justice Cabinet: Speed Alcohol Fundamental Enforcement-(CFDA #16.579)	PT0106	\$ 26,810
Community Oriented Policing-(CFDA #16.710)	1995CFWX3865	56,235
Total U.S. Department of Justice		\$ 83,045
<u>U.S. Department of Transportation</u>		
Passed-Through State Transportation Cabinet: Intermodal Surface Transportation Enhancement Act for the 21st Century (CFDA #20.205)*	C-99106844	\$ 196,000
<u>U. S. Federal Emergency Management Agency</u>		
Passed-Through State Department of Military Affairs: Disaster and Emergency Assistance Grants-Severe Weather (CFDA #83.544)	FEMA 1320-DR-KY	\$ 8,327
Total Noncash Expenditures of Federal Awards		\$ 496,493

* Tested as Major Program

OLDHAM COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2000

Note 1 - Basis of Presentation

This schedule is presented on a modified cash basis.

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS

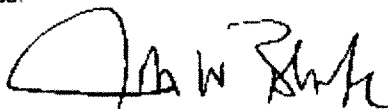
OLDHAM COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
OLDHAM COUNTY FISCAL COURT

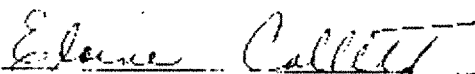
Fiscal Year Ended June 30, 2000

The Oldham County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name

County Judge/Executive



Name

County Treasurer